

## CHAPTER II

### AUDIT OF TRANSACTIONS

Audit of transactions of the departments of Government, their field formations as well as that of the autonomous bodies, brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

#### 2.1 Fraud/misappropriation/embezzlement/losses/overpayments

##### Social Justice and Empowerment Department (District Red Cross Society, Narnaul)

##### 2.1.1 *Embezzlement due to inadequate financial control*

**Embezzlement of ₹ 4,22,100 occurred in the District Red Cross Society, Narnaul due to non-observance of the provisions of financial rules regarding receipts and deposit of service charges levied for issue of registration certificates of vehicles and driving/conductors' licences.**

The Indian Red Cross Society (IRC) was constituted (1920) for administration of the money and various gifts received from the public for the purpose of medical and other aid to the sick and wounded and other purposes of a like nature during war and also for continuation in peace time.

The Punjab Financial Rules (Rule 2.2) as applicable to the Haryana Government and also to Red Cross Societies require a Drawing and Disbursing Officer (DDO) to satisfy himself that all the monetary transactions are entered in the cash book as soon as they occur and the same are attested by him. The official who receives the money on behalf of the Government is required to remit the same to the employee having a cash book or deposit the amount into the treasury/bank on the same day or in the morning of the next day. The head of the office is also required to verify all the entries including totals of all the entries in the cash book or have this done by some responsible official other than the writer of the cash book and initial all entries as correct.

The Government, in contravention of the provisions of the constitution of the IRC, decided (October 2000) to implement the Haryana Registrations information System (HARIS) through District Red Cross Societies (DRCSs). Accordingly, the work of issue of registration certificates of vehicles and renewal of driving and conductor's licences under the system was entrusted to DRCSs. Service charges for providing these services, in addition to the fee fixed by the Government at the rate of ₹ 100 per case were fixed for issue

of registration certificates of vehicles, renewal of permanent driving licences, conductor's licences and ₹ 50 for each learner's licence. Printed receipt books of ₹ 100 and ₹ 50 were issued to the data entry operators (DEO) for issue of receipts to payees. The DEOs were required to deposit the amounts collected with DRCS on the same day or latest by the next day.

Scrutiny (December 2009) under Section 20(1) of Comptroller and Auditor General of India's (Duties, Powers and Conditions of Services) Act, 1971 of the records of DRCS, Narnaul and Sub-Divisional Officer (Civil), Mahendragarh for the period from August 2004 to December 2009 revealed that the cash book was not being maintained properly and the entries in the cash book were neither checked by the responsible official nor attested by the head of the office. It was also not ensured as to whether the money collected by the DEO through receipt books was deposited with the cashier or not. During this period, 12,448 vehicle registration certificates, 18,189 driving licences and 12,461 learner licences were issued for which service charges amounting to ₹ 36,86,750<sup>1</sup> were collected from the applicants. Against this, only ₹ 32,64,650<sup>2</sup> were deposited with DRCS upto 14 December 2009. This resulted in short deposit of ₹ 4,22,100 which tantamounted to embezzlement by the DEO, who collected the service charges.

On this being pointed out in audit, Secretary, DRCS, Narnaul while admitting these facts, stated (December 2009) that ₹ 4,16,400 had been recovered from the delinquent employee and accounted for in the cash book. He further attributed (June 2010) the short deposit of money received to mismanagement on the part of the then Secretary of DRCS. The balance amount of ₹ 5,700 was still to be recovered. Further action to fix the responsibility of the defaulting officers/officials and lodging the first information report with the Police authorities was not taken. Secretary, DRCS, being the DDO, was responsible for ensuring that all the receipts were properly accounted for in the cash book. The embezzlement occurred due to non-observance of the provisions of the Financial Rules regarding receipt and deposit of service charges in the bank.

The Financial Commissioner and Principal Secretary to the Government of Haryana, Social Justice and Empowerment Department stated (March 2010) that the President, DRCS, Narnaul had been directed to recover the balance amount and to fix responsibility of the delinquent officer/official. Further action was awaited (August 2010).

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<sup>1</sup> 12,448 x ₹ 100 plus 18,189 x ₹ 100 plus 12,461 x ₹ 50 = ₹ 36,86,750.

<sup>2</sup> ₹ 11,34,800 plus ₹ 15,92,100 plus ₹ 5,37,750 = ₹ 32,64,650.

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## 2.2 Excess/Wasteful/Infructuous expenditure

### Public Works Department (Buildings and Roads Branch)

#### 2.2.1 Extra expenditure due to injudicious allotment of works

**Three works amounting to ₹ 109.73 crore allotted to an ineligible agency led to non-completion of the works and re-allotment of the balance works at higher rates, resulting in extra expenditure of ₹ 10.02 crore, besides creation of liabilities of ₹ 14.44 crore on the unexecuted works.**

The Engineer-in-Chief (EIC), Public Works Department (Buildings and Roads Branch) {PWD (B&R)}, issued (January 2006) fresh guidelines for preparing documents/conditions of contracts. These guidelines provided that while preparing tender documents, the eligibility criteria for the agencies participating in the bids should be clearly defined and tenders of those agencies who did not fulfil the prescribed eligibility criteria should not be opened. The guidelines further provided that the eligibility criteria should be determined on the basis of financial turnovers, previous performance and residual bidding capacity<sup>3</sup> of the applicants.

The Executive Engineer (EE), Provincial Division No. IV, Rohtak, after obtaining approval from EIC, PWD (B&R), invited tenders for construction of three buildings during August and September 2007 as per details given below:

Sr. No.	Name of building	Estimated cost (₹ in crore)	Date of receipt of tenders	Date of allotment of work	Amount of the lowest bidder (₹ in crore)
1.	New District Jail at Rohtak	19.88	13 September 2007	19 September 2007	29.38
2.	New Out-Patient Department (OPD) at Post Graduate Institute of Medical Sciences (PGIMS), Rohtak	20.52	13 September 2007	18 September 2007	33.83
3.	Trauma Centre, Dental Hospital and Mother and Child Hospital at PGIMS, Rohtak	32.47	10 October 2007	12 February 2008	46.52
<b>Total</b>		<b>72.87</b>			<b>109.73</b>

In the detailed notices inviting tenders (DNIT) for all the above three works, the applicants were required to fulfil one of the three conditions<sup>4</sup> and were to have annual financial gross turnover equal to 30 *per cent* of the amount of work put to

<sup>3</sup> Residual bidding capacity is defined as [2\*2\* (maximum value of civil engineering works executed in any one financial year since 1 April 2000 updated to the base date of << Base Date>> through a simple interest @ 8 *per cent* per annum,) - (value of works as on <<Base Date>> updating through a simple interest @ 8 *per cent* per annum, of existing commitments/ongoing works yet to be executed)].

<sup>4</sup> i) Agencies which had satisfactorily completed three works costing each equal to 20 *per cent* of the cost of work or ii) two works costing each equal to 25 *per cent* of cost of work or iii) one work costing equal to 40 *per cent* of cost of work of the similar nature during last seven years ending last day of the month of tender.

tender in any one year during the last three years for participating in the bids. Besides this, the successful bidder had to submit a performance security equal to two *per cent* of the bid amount, which was subsequently withdrawn in the pre-bid meetings.

Scrutiny of records revealed that tenders for the first two works (at Sr. No. 1 and 2 above) were opened on the same day. The eligibility to determine the financial capacity of the agency to execute the works was worked out on the basis of estimated cost of works i.e. ₹ 40.40 crore and both the works were allotted (September 2007) within a span of one day at a cost of ₹ 63.21 crore (56 *per cent* higher than estimated cost). After allotment of these works, the residual bidding capacity of the agency for further works was 'nil'. The third work (at Sr. No. 3 above) for which tenders were opened in October 2007 was allotted (February 2008) to the same agency for ₹ 46.52 crore. While determining the financial capacity of the agency, the value of the existing commitments/already allotted works i.e. the value of above two works (₹ 63.21 crore) was not taken into account. Thus all the above three works were allotted to a single agency for approximately ₹ 109.73 crore.

The contractor left all the three works incomplete in July 2008 after executing a part of the works to the extent of ₹ 9.68 crore against the total cost of ₹ 109.73 crore. On the failure of the agency to execute the works, the contracts for the buildings at serial number 1 and 2 above were terminated in November 2008 and the at one serial number 3 in January 2009, after levying a penalty of ₹ 12.36 crore<sup>5</sup> which was not recovered (July 2010). Tenders for the balance works for all the three buildings of the value of ₹ 100.05 crore were re-invited between December 2008 and February 2009 and the works were allotted for ₹ 128.25 crore. The rates were higher than those at which the works were allotted to the first agency. The agencies executed the balance work to the extent of ₹ 58.86 crore upto June 2010.

Thus, allotment of the third work amounting to ₹ 46.52 crore without taking into account the value of the already allotted works and not making any provision for determining the financial capacity on the allotted cost which was higher by 56 *per cent* than the estimated cost, resulted in non-completion of works. The allotment of the balance works at higher rates resulted in extra expenditure of ₹ 10.02 crore on the work done upto June 2010, besides creation of extra liabilities of ₹ 14.44 crore on unexecuted works as compared to the originally allotted rates.

On this being pointed out, the Financial Commissioner and Principal Secretary to Government of Haryana, PWD (B&R) stated (August 2010) during discussion that there was no provision in the DNITs to consider other ongoing works being executed by an agency for assessing the qualification criteria for allotment. The reply is not acceptable as all the three works were awarded by one division

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<sup>5</sup> ₹ 5.38 crore in respect of new OPD, ₹ 5.36 crore in respect of District Jail and ₹ 1.62 crore in respect of Trauma Centre.

simultaneously without incorporating the existing guidelines regarding eligibility criteria for the agencies participating in the bids in the tender documents and also without verifying the financial status of the agency before awarding works of such large projects.

### Irrigation Department

#### 2.2.2 Unfruitful expenditure on construction of channel

**Construction of an irrigation channel with high cost borrowing from the National Bank for Agriculture and Rural Development without ensuring the availability of water rendered the expenditure of ₹ 85.75 lakh along with the interest of ₹ 41.16 lakh thereon, unfruitful.**

In order to bring additional areas under irrigation and to increase the intensity of irrigated areas by utilising the available water efficiently through improved management of the present water resources, the Irrigation Department, Haryana undertook the work of construction of new minors and raising and extension of minors by taking loans at 12 *per cent* interest per annum from the National Bank for Agriculture and Rural Development (NABARD). The Chief Engineer (Lift Canal Unit), Irrigation Department Haryana, Panchkula sanctioned (October 2000) a scheme for construction of the Kubja Nagar Minor from the Loharu Canal system in Bhiwani District, which was based on water from the Western Yamuna Canal system at an estimated cost of ₹ 33.89 lakh. The scheme envisaged irrigation of 1,413 *acres* of land of four villages (Berla, Todi, Nihalgarh and Kubja Nagar) based on assessment of 6.3 cusecs discharge with water allowance of 4.05 cusecs per hundred *acre*. The work was allotted to an agency by the Executive Engineer, Loharu Water Services Division, Charkhi Dadri, District Bhiwani in May 2002 and completed in August 2005. An expenditure of ₹ 85.75 lakh (including cost of land of ₹ 36.01 lakh) was incurred on the work.

During audit (September 2009), it was noticed that against the envisaged irrigation potential of 1,413 *acres*, the actual irrigated areas during 2005-06, 2006-07, 2007-08 and 2008-09 were only 78, 47, 29 and 12 *acres* respectively due to less/non-availability of water for irrigation. Thus, the expenditure of ₹ 85.75 lakh incurred on the construction of the minor out of high cost borrowing from NABARD on which interest of ₹ 41.16<sup>6</sup> lakh at the rate of 12 *per cent* was paid during the last four years had not served the desired purpose as less than five *per cent* area of the targeted area was irrigated.

On this being pointed out (September 2007), the Engineer-in-Chief, Irrigation Department, Haryana intimated (September 2009) that the minor was constructed keeping in view the proposed availability of water from the SYL system and other sources i.e. the Hansi-Butana Link Channel. The reply is not acceptable as

<sup>6</sup> ₹ 85.75 lakh × 12 *per cent* × 4 years = ₹ 41.16 lakh.

according to the project report of the work, the department did not anticipate any additional water from SYL system and Hansi-Butana link channel. The channel was constructed with the assumption of availability of additional water through present water resources but the department failed to improve the exiting water resources due to which the expenditure of ₹ 84.75 lakh was rendered unfruitful besides payment of interest of ₹ 41.16 lakh on the NABARD loan.

Thus, constructing of a channel without ensuring the availability of water rendered the expenditure of ₹ 85.75 lakh unfruitful, besides payment of interest of ₹ 41.16 lakh on the NABARD loan.

The matter was referred to the Financial Commissioner and Principal Secretary to the Government of Haryana, Public Works Department (Irrigation Branch) in January 2010. Reply had not been received (August 2010).

### ***2.2.3 Extra expenditure due to non-finalisation of tenders within the validity period***

**Non-finalisation of tenders within the validity period resulted in an extra expenditure of ₹ 34.12 lakh.**

The Indri Drain passes through the vicinity of Tarauri town and the wastage of the town is disposed of in this drain which results in heavy slush and choking up of the internal section of the drain. With a view to address the issue, the Chief Minister (CM), during a public meeting held on 03 September 2006 at Nilokheri accepted the demand of the inhabitants for side pitching of the Indri Drain, Tarauri minor and Chautang Feeder Canal for the portions passing through Tarauri town. Accordingly, the Chief Engineer (CE), Yamuna Water Services (YWS) sanctioned (January 2007) an estimate for ₹ 78.80 lakh for ‘Renovation of Indri Drain from RD 119800 to 138350 and side pitching from RD 127140 to 132050 including replacement of pipe bridge at RD 131000.

As the work was to be completed before the rainy season and the administrative approval (AA) for the work was not received, the Executive Engineer (EE), Nardak Water Services Division, Karnal, after obtaining (December 2006) anticipatory sanction<sup>7</sup> from CE, invited tenders for this work which were opened on 24 January 2007 (AA was accorded by the Government in July 2007). The tender of the lowest bidder with a validity period of 90 days i.e. upto 24 April 2007 with tendered cost of ₹ 88.02 lakh was recommended (29 January 2007) for acceptance to the Superintending Engineer (SE), Yamuna Water Services Circle. The SC in turn recommended (31 January 2007) the same to the CE, YWS for acceptance on the ground that the rates received were quite reasonable taking into account the site conditions and higher rates of material. The case was returned by the CE on 30 March 2007 i.e. after two months, to ascertain whether the scheme was actually announced by the CM, although this

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<sup>7</sup> Anticipatory sanction is a sanction by a competent authority in case whether on grounds of urgency or otherwise a Divisional Officer is required to carry out a work for which no estimates have been sanctioned or for which no financial provision exists.

fact was mentioned by the SE, YWS Circle, while recommending the tenders for approval to CE. Thus the case was delayed in the CE office. The case was re-submitted with the clarification by the SE on 25 April 2007. Meanwhile the validity of tender expired on 24 April 2007 and the agency refused (26 April 2007) to extend the validity period of his offer. Tenders for the work were re-invited in December 2007 and the work was allotted to another agency in May 2008 who completed the work in November 2008 at a cost of ₹ 1.32 crore.

Scrutiny of records (August 2009) of the EE, Nardak Water Services Division, Karnal revealed that on retendering, the work with the same scope and specifications was got executed at higher rates than the rates offered in the tender by the first agency which was not decided within validity period. As a result, the department paid ₹ 1.32 crore to second agency as against ₹ 97.83 lakh which would have been payable to the first agency as per actual work. This led to an extra expenditure of ₹ 34.12 lakh.

On being pointed out (August 2009), the Engineer-in-Chief stated (May 2010) that the work could not be allotted within the validity period as the administrative approval for execution of work was accorded by the Government in July 2007 and the tenders were re-invited thereafter. The reply is not acceptable as the anticipatory sanction from the competent authority accorded in December 2006 was already available. Thus, the department failed to get the rates approved within the validity period, which resulted in extra expenditure of ₹ 34.12 lakh.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Irrigation Department in March 2010. Reply had not been received (August 2010).

#### **2.2.4 Unfruitful expenditure on incomplete drainage scheme**

**Non-acquisition of land for linking a part of a drain constructed to carry flood water with a carrier drain resulted in unfruitful expenditure of ₹ 52 lakh.**

According to Paragraph 2.82 of the Public Works Department Code, when land is required for public purposes, the concerned officer of the Public Works Department should, in the first instance, consult the Collector of the concerned district and obtain from him, complete information as to the probable cost of the land, per acre or otherwise, for which compensation would have to be paid. Thereafter, necessary proceedings for acquisition of land as per provisions of Land Acquisition Act should be started.

In order to provide relief to six<sup>8</sup> flood-prone villages of Jhajjar district, a scheme for constructing the MP Majra link drain was approved for ₹ 69.37 lakh by the Haryana State Flood Control Board in December 2004. The cost was revised to ₹ 3.56 crore in January 2006 due to increase in cost of land. To acquire land required for the purpose, notifications under Sections 4 and 6 of the Land Acquisition Act were issued in March and April 2005. Award of land pertaining to five villages was

<sup>8</sup> Fortpura, Gwalison, Islamgarh, Khatiwas, MP Majra and Tomaspura.

announced in March 2006 by the Land Acquisition Collector but the award in respect of one village (MP Majra) was not announced due to a stay granted by the Punjab and Haryana High Court (April 2006). The estimates of the work were sanctioned (June 2005) by the Chief Engineer and the work was awarded to an agency in April 2006 by the Executive Engineer (EE), Jhajjar Water Services Divisions, Jhajjar. An expenditure of ₹ 2.14 crore was incurred on the project up to June 2007 and further work was stopped (June 2007) as the land could not be acquired due to a stay order on the portion of land required for completion of project. The drain was constructed in reaches 0 to 10,350 and 15,500 to 18,900 while the middle reach between RD 10350 to 15500 was left incomplete.

It was noticed (April 2007 and January 2009) in audit that the construction of the drain from RD 15500 to 18900 was executed by incurring expenditure of ₹ 52 lakh (approximately) though the land required for execution of drain for the portion from RD 10350 to 15500 had not been acquired. Construction of this portion of the drain had not served the desired purpose of carrying the accumulated flood water as this portion of the drain was not linked with its carrier drain. Therefore, the expenditure incurred on this portion of the drain was unfruitful.

The EE, in his replies (May 2007 and March 2010) stated that the accumulated flood water in reach 15500 to 18900 was being pumped out into the nearby Riaya minor. The drain in the remaining portion of RD 10350 to 15500 would be got excavated after the decision of the court. The reply is not acceptable as the department should have started the work in RD 15500 to 18900 only after acquisition of the total land as the purpose of construction of the drain was not served due to non-linkage of the constructed portion. If the methodology adopted for saving the villages from floods by pumping the flood water in the existing minor was sufficient to cater to the need, the department should have not planned the execution of the drain from RD 10350 to RD 18900 by incurring expenditure of ₹ 52 lakh approximately. Moreover, the department had to incur avoidable expenditure of ₹ 9.16 lakh on installation of pumping sets for draining out flood water from the area during 2007-10.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Irrigation Department in March 2010. Reply had not been received (August 2010).

## **Public Health Engineering Department**

### **2.2.5 Unfruitful expenditure on incomplete water supply work**

**Failure to conduct a feasibility study and survey before selecting a site for waterworks in village Kassar resulted in the work being left incomplete and rendered expenditure of ₹ 49.29 lakh unfruitful.**

According to the Manual on Water Supply and Treatment issued by the Government of India, which is used as a basic document by the State Public Health Engineering Department, a feasibility study should be undertaken before



starting a water supply project to see if it is technically, financially and economically feasible. Further, according to the Punjab Buildings and Roads Manual of Orders, also applicable to Haryana, the site for execution of work or buildings should be selected by the department before conducting the detailed survey of the area for preparation of detailed drawings and estimates of a project. Along with the survey, strata of land, its load bearing capacity, drainage of site, etc. should also be attached to decide the design of work.

In order to provide adequate drinking water to the inhabitants of Kassar village in Jhajjar district, a scheme for construction of independent waterworks was approved (December 2004) by the State Sanitary Board, Haryana at an estimated cost of ₹ 98.95 lakh. Tenders for a part work<sup>9</sup> were invited by the Executive Engineer (EE), Public Health Engineering Division (PHED), Bahadurgarh in March 2005 and the work was awarded (May 2005) to an agency at a cost of ₹ 58.80 lakh with a completion time of eight months. The agency, after partial execution, left (July 2006) the work incomplete as the land provided for construction of the waterworks was in a low-lying area and was filled with water during the rainy season. The department had incurred an expenditure of ₹ 49.29 lakh on the work as of July 2006, after which no work was executed. The balance work was allotted to another agency at a cost of ₹ 58.56 lakh in December 2008 with a completion time of four months. Even this agency could not start the work as the site was filled with water and no space was available for dewatering.

Scrutiny (August 2009) of records in the office of EE, PHED, Bahadurgarh, revealed that the work was started without conducting any feasibility study and survey to ascertain the suitability of the site, which was a pre-requisite for taking up any water supply project. As a result, the work had been lying abandoned since July 2006. This not only resulted in unfruitful expenditure of ₹ 49.29 lakh but also in non-achievement of the objective of the scheme of providing potable water to the inhabitants of Kassar village.

The EE stated (February 2010) that the work was executed on the land provided by *Gram Panchayat* and no other land was available with the *Gram Panchayat* for the waterworks. The reply is not in consonance with the provisions of the manuals on the subject as before start of the work, the department should have conducted the feasibility study to decide the suitability of site.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Health Engineering Department in April 2010. Reply had not been received (August 2010).

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<sup>9</sup> Construction of inlet channel, pump chamber, high level tank, sedimentation and storage tank, filter bed, clear water tank, suction well, head works, pipeline, boundary wall and all works contingent thereto.

**Home Department**

**2.2.6 Extra expenditure on acquisition of land**

**Due to delay in sanction of funds by the Government, the Police Department had to pay land compensation at enhanced rates, resulting in extra expenditure of ₹ 49.01 lakh.**

For acquisition of land for a public purpose, the State Government is required to issue a preliminary notification under Section 4 of the Land Acquisition Act, 1894 (the Act), showing its intention to acquire the land. After hearing and settling of objections, if any, received from the public or interested parties, a final gazette notification for acquiring land is required to be published under Section 6 of the Act. In case the award for acquisition of land is not announced within two years from the date of the notification under Section 6 of the Act, the notifications under Section 4 and 6 lapse. Further, Section 23 of the Act stipulates that the amount of compensation payable to the landowners should be determined with reference to the market value of the land prevailing on the date of notification published under Section 4.

The Chairman-cum-Managing Director, Haryana Police Housing Corporation informed (April 2002) the Superintendent of Police (SP), Panipat that some<sup>10</sup> additional land was required for planning of New Police Lines, Panipat, of which 62 acre and four marla were acquired in July 2001. Notifications under Sections 4 and 6 of the Act to acquire land measuring nine acre one kanal and nine marla were issued in February 2003 and March 2004 respectively. The Land Acquisition Collector (LAC), Panipat asked (September 2005) the SP, Panipat to deposit a sum of ₹ 1.90 crore for making payment to the landowners. The price of land was fixed (August 2005) at the rate of ₹ 12.50 lakh per acre by the Commissioner, Rohtak Division. Though the funds were available with the department, the required sanction was not accorded by the Government and the funds could not be deposited with LAC. Consequently, the notification issued under Sections 4 and 6 lapsed in March 2006.

The department restarted (April 2006) the process for acquisition of the above land and notifications under Sections 4 and 6 of the Act were issued in September 2007 and August 2008 respectively. Meanwhile, the market price was enhanced (December 2008) to ₹ 16 lakh per acre by the Commissioner, Rohtak Division. This was higher by ₹ 3.50 lakh per acre than the price fixed in August 2005. Finally, the department deposited (June 2009) ₹ 2.28 crore with the LAC who announced (September 2009) an award for ₹ 2.25 crore at enhanced rates.

Scrutiny (August/September 2009) of records of SP, Panipat revealed that the department did not deposit the amount for acquisition within the stipulated period of two years from the date of notification under Section 6 of the Act. Later, the

<sup>10</sup> 9 Acres, 1 Kanal and 9 Marla.

process of land acquisition took about three years. In the meantime, the rates of land were increased. As a result, the department had to incur extra expenditure of ₹ 49.01<sup>11</sup> lakh on acquisition of land.

The Financial Commissioner and Principal Secretary to Government of Haryana, Home Department stated (June 2010) that the District Revenue officer-cum-Land Acquisition Collector (DRO-cum-LAC), Panipat had taken 19 months for calculating the cost of land and a very small period was left with the Government/Police Department for making payment. The reply is not acceptable as the notification under Section 7 of Act to take orders for acquisition was issued by the Home Department in June 2005. The DRO-cum-LAC raised the demand in September 2005 and the DGP requested (November 2005) the Government (Home Department) to accord the sanction but no sanction was accorded within the validity period of Section 6 of the Act. Thus, the case was delayed by the office of the Director General of Police, Haryana and Home Department for which no action to fix responsibility was taken.

Thus, due to non-sanction of funds by the Government within the validity period of notifications for acquisition of land, the department had to incur extra expenditure of ₹ 49.01 lakh.

### **2.3 Violation of contractual obligations/Undue favour to contractors/ Avoidable expenditure**

#### **Town and Country Planning Department (Haryana Urban Development Authority)**

##### **2.3.1 *Avoidable expenditure due to lack of planning and co-ordination between executing agencies***

**Due to lack of planning and co-ordination between Haryana Urban Development Authority (HUDA) and Public Health Engineering Department, HUDA had to incur avoidable expenditure of ₹ 3.49 crore on reconstruction of roads.**

In order to regulate the heavy traffic density and ease the traffic jam problem in the old city of Gurgaon, the Government decided (August 2004) to widen/four lane two roads (i) from Bhuteshwar Mandir to Basai Railway crossing and (ii) from Pataudi Chowk to Junction of Sector 10, Gurgaon through Haryana Urban Development Authority (HUDA). Accordingly, the Chief Administrator,

<sup>11</sup> 9 Acre 1 Kanal 9 Marla = 1,469 Marla  
 ₹ 3.50 lakh (₹ 16 lakh (-) ₹ 12.50 lakh) × 1,469/160 = ₹ 32,13,438 + 30 per cent compulsory acquisition charges = ₹ 9,64,031 + 12 per cent per annum for the period 7 September 2007 to 22 July 2009 (One year 320 days 365 + 320 = 685) = ₹ 7,23,684 (₹ 49,01,153).

HUDA approved (January 2006) two estimates for widening and strengthening of these two roads for ₹ 4.43 crore and ₹ 2.14 crore respectively. The Executive Engineer, HUDA, Division No. 4, (EE, HUDA), Gurgaon got the work of widening and strengthening executed by incurring an expenditure of ₹ 6.40 crore (₹ 4.22 crore and ₹ 2.18 crore) during 2006-10.

Further to regulate the stormwater of the town, the State Sanitary Board approved (April 2004) a scheme for ₹ 11.56 crore, of which HUDA deposited its share of ₹ six crore with the Public Health Engineering Department (PHED) between March 2006 and February 2008. An expenditure of ₹ 9.86 crore was incurred by PHED on execution of the scheme between 2004-05 and 2008-09, against which only 47 *per cent* of work was completed upto July 2010.

Scrutiny (February 2009) of the records of HUDA, Division No. 4, Gurgaon revealed that the alignment of the stormwater drain passed through the abovementioned roads. As there was no co-ordination between HUDA and PHED, one lane each of the newly constructed roads was excavated by PHED to construct the drain which was reconstructed by HUDA between October 2008 and January 2009 by incurring an expenditure of ₹ 3.49 crore (₹ 1.65 crore and ₹ 1.84 crore).

Audit observed that the stormwater drain, the laying of which was approved in April 2004 was laid between 2004-05 and 2008-09 by PHED and the work of widening and strengthening was executed between 2006-07 and 2008-09 by HUDA. Had there been co-ordination and proper planning in execution of works between the two organisations or at least had the drain in its area been excavated by HUDA, the expenditure of ₹ 3.49 crore incurred on reconstruction of the roads and departmental charges of ₹ six lakh (at the rate of 10 *per cent*) charged by PHED could have been saved. Thus, lack of planning and co-ordination between the two executing agencies led to an avoidable expenditure of ₹ 3.49 crore on reconstruction of roads.

The matter was referred to the Financial Commissioner and Principal Secretary to Government Haryana, Town and Country Planning Department in May 2010 and reminder issued (June 2010). Reply had not been received (August 2010).

### **Transport Department**

#### **2.3.2 Excess expenditure on purchase of Cummins Naturally Aspirated Gas buses**

**The Transport Commissioner incurred excess expenditure of ₹ 19.05 lakh on account of higher rate of VAT on purchase of Cummins Naturally Aspirated Gas buses.**

The High Powered Purchase Committee (HPPC) of the Government of Haryana decided (June 2006) to purchase 15 low floor Cummins Naturally Aspirated Gas

air-conditioned buses (five buses each) from Tata Motors, Ashok Leyland and JCB Limited, Ex-RSO Karnal at the negotiated rate of ₹ 46.59 lakh per bus including excise duty and Value Added Tax (VAT) at the rate of four *per cent*. Accordingly, the Transport Commissioner placed (August 2006) purchase orders for five buses each on these firms, to be supplied within 135 days from the date of issue of the supply orders.

Scrutiny (May 2009) of the records of the Transport Commissioner, Haryana revealed that M/s JCB supplied the buses in December 2007 and was paid at the rate of ₹ 50.40 lakh per bus instead of ₹ 46.59 lakh. The difference of ₹ 3.81 lakh per bus in the rate was due to charging of VAT at the rate of 12.5 *per cent* instead of four *per cent* as agreed by the firm during negotiation and decided by HPPC in June 2006. The payment of VAT at higher rates than that agreed to resulted in excess expenditure of ₹ 19.05 lakh. Besides, the supply of buses was delayed by about one year but the department could not take any action against the firm as there was no penalty clause in the supply order in this regard.

The Joint State Transport Controller stated (August 2010) that the acceptance of STD-IV was discontinued on inter-State purchases and VAT was paid at the rate of 12.5 *per cent* instead of four *per cent*. The reply is not acceptable as the buses were to be supplied from Karnal (Haryana) and not from Lalru (Punjab). Acceptance of buses from Punjab was against the terms and conditions of the supply order.

Thus, the Transport Commissioner incurred an excess expenditure of ₹ 19.05 lakh on purchase of these buses at higher rates and could not charge penalty for the delayed supply.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Transport Department in March 2010. Reply had not been received (August 2010).

## 2.4 Idle investments/Idle establishment/Blocking of funds/ Misutilisation of funds

### Education Department

#### 2.4.1 Parking of funds outside Government Accounts

**Drawal of funds in anticipation of requirement coupled with non-supply of dual desks by the suppliers resulted in blocking of funds of ₹ 1.22 crore for about four years and also deprived primary school students of these basic amenities.**

Punjab Financial Rules {Rules 2.10 (b) (5)}, as applicable to Haryana, provide that money should not be drawn unless required for immediate disbursement.

Any unspent amount not required for immediate disbursement should be refunded into the treasury promptly.

The Financial Commissioner and Principal Secretary to Government of Haryana, Education Department sanctioned (July 2005) ₹ 5.50 crore for purchase of dual desks for primary schools under the scheme 'Expansion of Facilities Classes I-V (full time) provision of dual desks for Primary Schools (Material and Supplies)' with the objective of providing better environment and seating arrangements for children. On a request of the Director, Primary Education {now under the control of Director Elementary Education (DEE)} to the Director, Supplies and Disposal (DSD) for purchase of dual desks, the DSD, after finalisation of rates placed (December 2005) supply orders for supply of 1, 25,284 dual desks at the rate of ₹ 439 per desk on four firms with a delivery period of one month from the date of supply order.

Scrutiny (October 2009) of records of the DEE revealed that the entire amount of ₹ 5.50 crore was placed at the disposal of 13 District Elementary Education Officers (DEEOs) to whom the dual desks were to be supplied by the firms. The DEE also directed (December 2005) the DEEOs to draw the amounts from the treasuries before 31 March 2006 and keep the amounts in the form of bank drafts in the names of suppliers for making payments on receipt of the material. The DEEOs withdrew the entire amount of ₹ 5.50 crore and showed the same as spent, in the records of the DEE.

Further scrutiny of records revealed that out of 1, 25,284 dual desks, 97,516 were supplied by the firms between March 2006 and May 2008 but two firms<sup>12</sup> did not supply 27,768 dual desks to five<sup>13</sup> DEEOs as of February 2010. It was observed that the two firms were not capable of supplying material at such a large scale due to financial constraints. Ultimately, the DEE requested (May/August 2009) the DSD to cancel the supply orders and to take appropriate action against the firms. Thus, placing the supply orders with incapable firms not only deprived the primary school students of basic amenities as per the objectives of the scheme but also resulted in blocking of funds of ₹ 1.22 crore, which were lying with these DEEOs in the form of bank drafts/ current accounts for the last four years, causing loss of interest of ₹ 35.74<sup>14</sup> lakh.

On this, being pointed out, the DEE directed (March 2010) the concerned DEEOs to deposit the unutilised balance into the treasuries. Two DEEOs (Sonipat and Faridabad) had deposited ₹ 27.88 lakh in treasuries on 30 and 31 March 2010. Further progress was awaited (June 2010).

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Education Department in March 2010. Reply had not been received (August 2010).

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<sup>12</sup> Haryana Khadi and Village Industries Board: 15,768 and M/s Sunrise Home Appliances: 12,000.

<sup>13</sup> Faridabad: 4,500; Panipat: 3,000; Rohtak: 11,000; Sonipat: 1,768 and Yamunanagar: 7,500.

<sup>14</sup> ₹ 1,21,90,152 × 7.33/100 × 48/12 Months (April 2006 to March 2010) = ₹ 35,74,152 say ₹ 35.74 lakh.

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**Public Works Department (Buildings and Roads Branch)**
**2.4.2 Blocking of funds**

**Deposit of funds without approval of a project by the Railways resulted in blocking of funds amounting to ₹ 1.72 crore, besides loss of interest amounting to ₹ 42.02 lakh.**

The prescribed procedure of the Railways for sanctioning of railway overbridges (ROB)/railway underbridges (RUB) in lieu of busy level crossings *inter alia* provides that before undertaking any such project, a team of State officials and concerned Divisional Railway officials shall carry out a joint inspection and prepare feasibility report indicating whether the proposal for constructing the ROB/RUB is technically feasible. After receipt of a conceptual profile sketch, duly approved by all the authorities, an abstract estimate of the bridge portion is prepared by the Railways and sent to the State Government for acceptance.

On demand from residents of the Ambala city to construct a ROB/RUB on a railway crossing on then old Hisar road between Ambala Cantonment and Ambala City, the Executive Engineer (EE), Provincial Division No. 1 PWD (B&R), Ambala Cantonment formed (September 1990) a three member committee<sup>15</sup> to assess the feasibility. The committee did not find (October 1990) the proposal feasible as there was no manned level crossing and another ROB already existed near the site. The EE informed (October 1990) the findings of the joint inspection committee to the Grievance Committee which dropped the proposal (October 1990).

The demand to construct the ROB/RUB was made by the Chairman 'Beopar Mandal', Ambala city (December 1997) to the Deputy Commissioner (November 1999) and the then Member of Parliament of the area, who was also the Union minister for Urban Development and Poverty Alleviation in September 2005. The Government accorded approval to construct a RUB at the above site in April 2006.

The total cost of the RUB was to be met by the State Government. The EE, without insisting for feasibility report and joint inspection of the site, deposited funds amounting to ₹ 1.72 crore with the Railways in April 2007. Subsequently, in a joint feasibility study conducted by the PWD (B&R) and Railway officers in December 2008, the proposal to construct the RUB was rejected due to safety considerations, operational problem and non-availability of land. Another rough cost estimate for construction of a foot overbridge (FOB) in lieu of the RUB at the same site at a cost of ₹ 6.69 crore was submitted by the department to the Government in May 2009 for administrative approval. However, the Government accorded administrative approval (April 2010) for preparation of a detailed project report (DPR) for the ROB work instead of the FOB, the proposal for

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<sup>15</sup> Three members committee  
 i) Executive Engineer, Public Health Division, Ambala Cantt.;  
 ii) Executive Engineer, Drainage Division, Irrigation, Ambala; and  
 iii) Chairman, Municipal Committee, Ambala City.

which was sent to Railways. The Railways requested (July 2010) the PWD for acceptance of the abstract of cost. Further action was awaited (August 2010).

Thus, the funds deposited with the Railways in April 2007 for the project, the DPR of which had not been prepared resulted in blocking of funds of ₹ 1.72 crore and loss of interest of ₹ 42.02 lakh to the Government as of July 2010. Further, the amount had been shown as spent in Government accounts but the intended benefits had not been achieved.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department (Buildings and Roads Branch) in April 2010. Reply had not been received (August 2010).

### **Public Health Engineering Department**

#### **2.4.3 Blocking of funds on a storm water drainage scheme**

**Starting of work on a storm water drainage scheme without obtaining permission of road cuts from the Chief Engineer National Highways resulted in blocking of funds of ₹ 59.57 lakh for five years.**

The Financial Commissioner and Principal Secretary to the Government of Haryana, Public Health Engineering Department (PHED) administratively approved (June 2005) a work viz 'Storm Water Drainage Scheme of Barwala Town District Hisar' for ₹ 64.81 lakh. The objective of the scheme was to save low-lying localities from floods during the rainy season as there was no sanitary sewerage and storm water sewer arrangement in the town. The alignment of the proposed drain passed through the Hisar-Ambala section of the National Highway (NH 65) and any work proposed to be executed along this road required prior approval of the Chief Engineer (CE) National Highways Public Works Department (Buildings and Roads) {PWD (B&R)}. However, it was observed that without obtaining permission for road cut from the CE National Highways, the work of laying of the RCC pipeline and all the other works contingent thereto was awarded to an agency in July 2005 at a cost of ₹ 36.35 lakh, with a completion time of 12 months by the Executive Engineer (EE), Public Health Engineering Division No. II, Hisar. The cost of the work was enhanced (April 2006) to ₹ 51.33 lakh due to increase in the scope of the work. The agency executed work to the tune of ₹ 44.80 lakh (paid in December 2006) and left after the execution of work was stopped by PWD (B&R) in January 2006 for want of permission for road cuts.

Similarly, the work of 'Supply, execution, testing and commissioning of pumping machinery at disposal' was allotted (February 2006) to another agency at a cost of ₹ 20.22 lakh. This agency executed work to the tune of only ₹ 14.77 lakh (August 2008) and the balance work was still incomplete (June 2010).

Though the EE had asked (January 2006) the concerned Sub-Divisional Engineer



to seek permission for road cuts on the NH from PWD (B&R), no action was taken in this regard. On this being pointed out by Audit in July 2009, the matter regarding road cuts was taken up by the EE in September 2009. Thus, the scheme which was sanctioned as a flood protection work was incomplete for almost five years as of July 2010, due to non-obtaining of permission from the CE, National Highway PWD (B&R) for road cuts. This not only blocked the funds of ₹ 59.57 lakh incurred on the scheme but also deprived the inhabitants of the town of the intended benefits.

The Engineer-in-Chief, PHED, Haryana in his reply (May 2010) stated that the sanction for the road cuts had been received and the scheme of storm water drainage would be made functional within next six months. The reply is not acceptable as the permission for road cuts was accorded by the CE in January 2010 but the work has not been started as of July 2010. Further, the consent of the agencies to complete the work at the old rates was not obtained as the validity of the agreements had expired in July 2006 and May 2009. Further progress was awaited (August 2010).

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Health Engineering Department in April 2010; reply had not been received (August 2010).

#### **2.4.4 Blocking of funds on purchase of stores in excess of requirement**

**The department purchased AC pipes without assessing the actual requirements, which resulted in blocking of funds of ₹ 2.08 crore in four divisions.**

According to Rule 15.2 of the Punjab Financial Rules as applicable to Haryana, purchases of stores must be made in the most economical manner and in accordance with the definite requirements of public service. Rule 15.18 states that stores remaining in stock for over a year should be considered surplus unless there is any good reason to treat them otherwise.

For supply of asbestos cement (AC) pressure pipes of various diameters to be used in water supply schemes, Executive Engineers (EEs) send their annual requirement to the Engineer-in-Chief (EIC) through the concerned Superintending Engineers. The EIC, after consolidating the demands, places a consolidated supply order with the firms at the rates approved by the Director, Supplies and Disposal, Haryana.

During test check of records of four<sup>16</sup> Public Health Engineering Divisions (PHEDs), it was noticed that against the total requirement of 28,100 metre AC pipes of various diameters during 2006-09, a supply order for 70,420 metre pipes was placed on behalf of these divisions by the EIC. Supply of 70,400 metre pipes was received by these divisions during March 2006 to August 2008 and payments to suppliers were also made by these divisions. Of these, only 16,675 metre pipes

<sup>16</sup> Executive Engineer, Public Health Engineering Division No. II, Hisar, Hansi, Narwana and Sohna.

were utilised during March 2006 to June 2010 and the balance 53,725 metre pipes valuing ₹ 2.08 crore were lying unused in the divisions for the last 23 to 52 months as detailed in *Appendix 2.1*.

Though the EIC was apprised regularly of the existing stock position, no efforts were made for gainful utilisation of the existing stock in other divisions. Thus, the material was purchased in excess of requirement/without requirement, which was in contravention of the Financial Rules and resulted in blocking of funds of ₹ 2.08 crore.

On this being pointed out, the EIC stated (August 2010) that the pipes were purchased against the specific requirements from field offices and could not be utilised due to changes in the proposals. Now all the pipes had been utilised / were being utilised and the balance in the reserve stock was nil. The reply is not acceptable as further verification of records revealed (August 2010) that these pipes had not been actually utilised on the works and were accounted for as unutilised in the material-at-site registers after transfer from the stores. Scrutiny of estimates for works where the pipes were shown to have been transferred revealed that there were no provisions for these pipes in the estimates.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Health Engineering Department in May 2010. Reply had not been received (August 2010).

## **2.5 Regulatory issues and others**

### **Social Justice and Empowerment Department (Indian Red Cross Society, Haryana)**

#### **2.5.1 Irregularities in Red Cross Societies**

The Indian Red Cross Society (IRC) was constituted (1920) for administration of the money and various gifts received from the public for the purpose of medical and other aid to the sick and wounded and other purpose of a like nature during the war and also for continuation in peace time. A separate branch of IRC for the Haryana State was constituted in June 1971. There are 20 District Red Cross Societies (DRCSs) located in each district headquarters in the State.

Audit of DRCSs was conducted under Section 20 (1) of the Comptroller and Auditor General of India's (DPC) Act, 1971. Test check of records of all the 20 DRCSs for the period 2005-10 was conducted between October 2008 and

March 2010 and the following irregularities were noticed:

### **2.5.1.1 Irregular charge on Red Cross Funds**

The Red Cross Society provides funds for aid to the sick and wounded members of the Armed Forces; child welfare; nursing and ambulance work; relief for the mitigation of suffering caused by epidemics; earthquakes, famines, floods and other disasters and for such other cognate objects as may be approved by the Society from time to time. The expenses of the management of the society and its branches and affiliated societies and bodies are also to be met from the funds of the society besides the expenses on maintenance/services under the Haryana Registrations Information System (HARIS).

Audit (October 2008-March 2010) of the Secretaries, of 12<sup>17</sup> out of 20<sup>18</sup> DRCSSs revealed that funds amounting to ₹ 2.86 crore as detailed in *Appendix 2.2* were spent (April 2005 to March 2010) on items such as expenditure for maintenance of Government office buildings, purchase of gifts, furniture items, mobile phones, telephone bills, purchase and repair of vehicles for the Deputy Commissioner and Sub Divisional Officer (Civil), etc. These items were not covered under the aims and objectives for which funds of the society could be used. Expenditure on these items from Red Cross funds was, therefore, irregular.

Secretaries of eight<sup>19</sup> DRCSSs stated (March 2009, February, May and June 2010) that the expenditure was incurred in public interest in accordance with the objectives of the Red Cross Society. The replies are not acceptable as the expenditure incurred on purchase of mobile phones, vehicles of SDM and City Magistrate, computers, air-conditioners, etc for other offices/residence of DC was not covered under the aims and objectives of the Society and was in violation of the provisions of the Act. No reply was received from other District Red Cross Societies.

Thus, by incurring expenditure on items which were not permitted under the Act, Red Cross funds amounting to ₹ 2.86 crore were irregularly utilised.

### **2.5.1.2 Retention of relief amount**

In 14<sup>20</sup> out of 20 DRCSSs, donations amounting to ₹ 9.84 crore were received from the public for providing relief to the victims of the Gujarat earthquake, the Bihar floods, tsunami and other disasters during 1999-2000 to 2009-10. Of this, ₹ 5.88 crore was spent on these disasters. The unspent balance of ₹ 3.96 crore was lying with the concerned DRCSSs as detailed in *Appendix 2.3*. On this being

<sup>17</sup> Ambala, Faridabad, Gurgaon, Jhajjar, Kaithal, Mewat, Narnaul, Panipat, Panchkula, Rewari, Rohtak and Sonipat.

<sup>18</sup> Ambala, Bhiwani, Faridabad, Fatehabad, Gurgaon, Hisar, Jhajjar, Jind, Karnal, Kurukshetra, Kaithal, Mewat, Narnaul, Panipat, Panchkula, Rewari, Rohtak, Sirsa, Sonipat and Yamunanagar.

<sup>19</sup> Faridabad, Jhajjar, kaithal, Narnaul, Panchkula, Panipat, Rohtak and Sonipat.

<sup>20</sup> Ambala, Faridabad, Hisar, Jhajjar, Jind, Karnal, Kurukshetra, Narnaul, Panipat, Panchkula, Rohtak, Sirsa, Sonipat and Yamunanagar.

pointed out, four Secretaries, DRCS, (Panipat, Hisar, Jhajjar and Kurukshetra) stated (September 2009 and July 2010) that ₹ 84 lakh had now been transferred to the PM's/CM's Relief Fund and three Secretaries, DRCS, (Rohtak, Narnaul and Panchkula) stated (February and July 2010) that the amounts would be utilised in future for such types of natural calamities. The replies are not acceptable as the amounts donated by the general public for a specific purpose should have been spent for the same purpose. Replies from the other Secretaries were awaited (August 2010).

#### **2.5.1.3            *Activities not covered under the objectives of Red Cross Society***

The Government decided (October 2000) to implement HARIS through the District Red Cross Societies (DRCS) with a view to streamline the system of registration and to provide facilities to the general public under one roof. Accordingly, the work of issue of registration certificates of vehicles and renewal of driving and conductor's licences under the system was entrusted to DRCS and service charges for providing such services were fixed. It was noticed in audit that the work assigned to the DRCS was not provided in the constitution of the IRC and the service charges fixed were in addition to fees fixed by the Government for the same services through the Revenue Department. Thus, the decision of the Government to implement HARIS through the DRCS was not only against the aims and objectives of the Red Cross Societies but also burdened the general public with extra charges.

#### **2.5.1.4            *Outstanding loans and advances***

The Punjab Financial Rules, as applicable to Haryana, provide that loans and advances given to various institutions /projects and individuals should be recovered in a prescribed timeframe. It was noticed that 19 DRCSs advanced interest-free loans of ₹ 2.97 crore (as detailed in *Annexure 2.4*) to various institutions/projects, schemes and individuals but no efforts to recover the amounts were made although these were outstanding for periods ranging between one and 10 years. The payment of interest-free loans was against the provisions of the Financial Rules and non-recovery thereof would result in loss. Secretaries of five DRCS, (Rohtak, Bhiwani, Sirsa, Karnal and Faridabad), while admitting the facts stated (April-July 2010) that these loans and advances would be recovered shortly. Replies from the other DRCS were awaited (August 2010).

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Social Justice and Empowerment Department (District Red Cross Society, Haryana) in June 2010. Reply had not been received (August 2010).

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**Rural Development Department**
**2.5.2 Execution of inadmissible works under Member of Parliament Local Area Development Scheme**

**Failure to ensure execution of works as per the guidelines of the Member of Parliament Local Area Development Scheme resulted in execution of inadmissible works worth ₹ 27.94 lakh in Faridabad.**

The Member of Parliament Local Area Development Scheme (MPLADS) was introduced in December 1993 to enable Members of Parliament (MPs) to recommend works of developmental nature with emphasis on the creation of durable community assets based on locally felt needs to be taken up in their constituencies. The guidelines provided that the district authorities would have full powers to get the works technically and financially sanctioned from the competent authorities. The district authorities were to ensure that the works was as per the guidelines. Where the district authorities considered that a recommended work should not be executed due to some reasons, they were required to inform the reasons to the MPs concerned, under intimation to the Government of India and the State Government. All works within places of religious/worship or on land belonging to or owned by religious faiths/groups, works relating to office and residential buildings belonging to Central and State Governments and their departments, private, co-operative, commercial and public sector undertakings, organisations, etc. were prohibited and were not to be executed under the scheme.

During test check (December 2009) of records relating to MPLADS in the office of the Additional Deputy Commissioner (ADC) Faridabad for the period April 2006 to March 2009, it was noticed that an expenditure of ₹ 27.94 lakh was incurred on 10 works executed in places of religious worship and on land belonging to religious faiths/groups, as well as for Government buildings and private organisations as detailed in *Appendix 2.5*, which were not permissible under the scheme. Although the works were initially recommended by the concerned MP, the ADC should have ensured that the works conformed to the guidelines issued by the Government of India on the subject. He was required to bring the inadmissible works to the notice of the MP, so that the MP could have recommended alternate ones. Thus, the ADC executed inadmissible works under the scheme involving expenditure of ₹ 27.94 lakh.

In reply, ADC, Faridabad stated (May 2010) that these works were executed on the recommendation of the MP. The reply is not acceptable as the works executed were not as per guidelines issued on the subject by the Government of India.

The matter was referred to the Financial Commissioner and Principal Secretary to the Government of Haryana, Rural Development Department in January 2010; reply had not been received (August 2010).

## 2.6 General

### Finance Department

#### 2.6.1 (a) Follow up on Audit Reports

According to the instructions issued in October 1995 by the Finance Department and reiterated in March 1996 and July 2001, administrative departments were to initiate *suo moto* positive and concrete action on all audit paragraphs and reviews featuring in the Comptroller and Auditor General's Reports (ARs) regardless of whether the cases were taken up for examination by the Public Accounts Committee or not. They were also required to furnish detailed notes, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the legislature.

A review of the position regarding receipt of Action Taken Notes (ATNs) on the paragraphs included in the ARs up to the period ended 31 March 2008 revealed that the ARs for the periods 2004-05, 2006-07 and 2007-08 were presented<sup>21</sup> to the State Legislature. Of the 80 paragraphs and reviews of 26 administrative departments included in the ARs, 17 administrative departments had not submitted ATNs on 33 paragraphs and reviews as per details given in **Appendix 2.6**. The administrative departments viz, the Irrigation, Public Health Engineering, Education, Medical and Health, Finance, and Home departments had not submitted ATNs in respect of 21 out of 33 paragraphs and reviews. Six administrative departments, which submitted ATNs, had not taken action to recover a total amount of ₹ 207.27 crore in respect of 10 paragraphs and reviews as per details given in **Appendix 2.7**. Further, the response of the administrative departments towards the recommendations of PAC was not encouraging as 365 recommendations relating to Audit Reports 1970-71 to 2003-04 and 2005-06 were still pending for want of final action by the concerned administrative departments as per details given in **Appendix 2.8**.

### Home Department

#### (b) Non-responsiveness to audit findings

After periodical inspections of Government departments, the Principal Accountant General (Audit) issues Inspections Reports (IRs) to the heads of the offices audited with copies to the next higher authorities. The executive authorities are expected to promptly rectify the defects and omissions pointed out

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<sup>21</sup> Audit Report 2004-05: March 2006, Audit Report 2006-07: March 2008 and Audit Report 2007-08: February 2009.  
Audit Report 2008-09 presented to State Legislature on 16 March 2010 and will be due for discussion in PAC after 16 June 2010.

and report compliance to the Principal Accountant General (Audit) within six weeks. Half-yearly reports of IRs pending for more than six months are also sent to the concerned administrative Secretaries of departments to facilitate monitoring and compliance of the audit observations in the pending IRs.

A review of IRs issued upto March 2010 of various offices of the Home Department (Police, Jail, Home Guard and Administration of Justice) disclosed that 855 paragraphs of 361 IRs with money value of ₹ 325.34 crore (**Appendix 2.9**) remained outstanding as on 15 June 2010. Of these, 117 paragraphs involving 83 IRs were more than five years old. Category-wise details of irregularities pointed out through these IRs which had not been settled as of 30 June 2010 are indicated in **Appendix 2.10**.

The Administrative Secretary of the department, who was informed of the position through half-yearly reports, failed to ensure prompt and timely action by the departmental officers.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Home Department in January 2010. Reply had not been received (August 2010).

